

Finding 4: *The average state prison holds two and one-half times more inmates than the average NC prison.*

The rated capacity published in the 1992 Corrections Yearbook for all U.S. state prisons was 599,273 beds. Rated capacity or standard capacity is an operational definition that differs between states and in professional literature. In North Carolina, it is defined as the number of beds obtainable at each facility using a standard of 50 square feet per inmate in a dormitory or one inmate per single cell.

As of November 1992, the State's 91 facilities had a standard capacity of 17,651 or the standard capacity of 194 beds per prison. This is approximately 40 percent of the national average of 493 beds per prison. Texas operates some of the largest prisons with 2,500 beds.

Finding 5: *Over one-third of the State prisons has standard operating capacities that are inefficient and costly.*

A standard operating capacity under 110 is considered inefficient and costly. North Carolina has many small prisons with individual SOC's that range from 16 to 106, and an average of 72. Together these small prisons account for less than 15 percent of the State's standard operating capacity.

An analysis of the top twenty prisons with the highest daily inmate costs, was performed to determine the key reasons for the high cost of operations. Of the top twenty most costly facilities, nine of the facilities had special operations (e.g., hospital operations, high security, processing/diagnostic centers, special industry programs, or were undergoing expansion) that accounted for their high daily inmate costs. However, for the remaining eleven prisons, the prison's small size was the primary reason for its high cost.

The operation of small prisons does not allow DOC to achieve the necessary economy of scale to be cost effective. An example of this type of "economy of scale" is a prison that requires a guarded perimeter. This would likely require at least four posts at each side on the wall. A manned perimeter would require 24 hour, 7 day a week staffing. Therefore, it may require as many as 18 to 20 full time equivalent correctional officers (4 posts x 24 hours x 365 day = 2000 hrs in a work year). This staffing requirement is the same regardless of number of inmates within the prison walls.

The prisons with the highest inmate daily cost, excluding those that had special operations, all had standard operating capacity of less than 100 with low inmate-to-staff ratios.

Finding 6: *The number of small prisons and the lack of superintendent autonomy creates excessive layers of management, inefficiencies, unnecessary paperwork, and reduces accountability.*

The large number of prisons in North Carolina has added management layers to the organizational structure. Each authorization and approval must go to supervisors in the command structure. The excessive supervision diffuses accountability and reduces efficiency of prison operations.

In recent years, there has been an increase in the number of superintendents that have graduated from college. Despite their increased training, superintendents are required to request approval for routine actions within their prisons.

An example is the process of promoting inmates to lower levels of minimum security. Inmate promotions between levels of minimum are recommended first by the case manager, then approved by the classification group, then approved by the prison superintendent. This paper work is then sent to the area office for review and approval by the Program Director who signs for the Area Commander. Area offices are rarely disapproved promotion and actions appear to provide little value to the process.

Upper management does not need to ensure oversight by being involved in the process transactions. A more efficient method would be for upper management to review reports and outcomes of routine decision-making that has take place at lowest possible level of their organization. This more efficient method empowers staff to manage responsibilities, improves accountability, provides the necessary management oversight while focusing on results not signing transaction approvals.

Finding 7: *The Eastern and Western Commands have approximately 330 staff in its area office that provide supervision and centralized support to the 66 small to medium prisons.*

The Eastern and Western Commands are the only Commands that have an area office. There is no area office for the Institutional Command, Youth Command or Woman Command. The Institutional Command has responsibility for eleven prisons that have approximately the same number of inmates as the Western and Eastern Commands.

Each of the six area offices, within the Eastern and Western Commands have approximately 55 staff who are responsible for providing centralized support and supervision. They provide diagnostic services, maintenance and administration support services and supervision of operations, policy and procedures, program services, and psychological services. Each area office is responsible for approximately 10 to 12 small prisons.

Recommendations

Recommendation 1: The State should consolidate 30 of its smallest and most inefficient prisons.

The findings show that State's small prison are less than one-fifth the size of most prisons and that small prisons contribute little to the Department's overall capacity but significantly to its operating costs. Small prisons constrain efficient utilization of correctional officers, supervisory uniformed staff, support staff, program staff, and superintendents. The sheer number of small prisons has created additional layers of upper management (i.e., the area offices).

The Department should consolidate the populations in 30 of its smallest prisons to increase productivity and eliminate the inefficiencies caused by their limited capacity. Exhibit 7 lists the thirty medium and minimum security prisons recommended for consolidation. Some of the locations may be appropriate sites for expansion. If expanded, the population in the remaining prisons could be consolidated. Individually, these prisons have the State's:

- Smallest SOC's, from 15 to 104 beds per prison
- Highest "cost per inmate year", given their security levels and services provided
- High ratios of inmate-to-staff (e.g., 22 prisons have less than two inmates for each prison staff)

Furthermore, for all but two of the prisons listed, inmate-to-staff ratios can be expected to go lower and cost-per-inmate higher as the Department is obligated to restrict its prison population to "standard operating capacity" by June 30, 1994. *Given the physical limitations of some prisons, the correctional staff will outnumber inmates.*

The Department, at the request of a General Assembly Subcommittee, drafted a plan to consolidate 28 small prisons by constructing three medium large prisons and expanding two existing prisons. The new prisons were configured for a standard capacity of between 400 and 600. Under this 1990 plan, which assumed that overall prison capacity remained the same, it was estimated that:

- The costs of operating existing small prisons is 50% higher than the proposed larger prisons
- The staff requirements at small prisons are 100% more than staff requirements at larger prisons

It is recommended the consolidation of the small prison populations begin as soon as possible to achieve savings that can be deployed more efficiently in the future.

EXHIBIT 7

Small Prison Recommend for Consolidation

Prison	Security	SOC	Number of Positions	Actual Inmate Count	Inmate to Staff Ratio	Cost per Inmate Year	Percent of Total State SOC
Warren	MIN	44	63	74	1.2:1	\$32,536	0.2%
Halifax	MED	60	60	73	1.2:1	\$32,536	0.3%
Washington	MED	74	76	102	1.3:1	\$27,054	0.4%
Scotland	MED	66	73	98	1.3:1	\$26,098	0.4%
Yadkin	MED	72	70	95	1.4:1	\$25,868	0.4%
McDowell	MED	58	70	95	1.4:1	\$25,868	0.3%
Yancey	MED	60	61	84	1.4:1	\$25,243	0.3%
Moore	MED	66	61	89	1.5:1	\$25,141	0.4%
Alamance	MED	82	82	120	1.5:1	\$24,842	0.5%
Avery	MED	66	75	101	1.3:1	\$24,645	0.4%
Union	MED	64	65	94	1.4:1	\$24,630	0.4%
Stanley	MED	70	79	116	1.5:1	\$24,532	0.4%
Granville	MIN	48	29	54	1.9:1	\$23,911	0.3%
Alexander	MED	64	58	87	1.5:1	\$23,816	0.4%
Currituck	MED	98	79	135	1.7:1	\$22,823	0.6%
Wilmington	MIN	15	7	13	1.9:1	\$22,652	0.1%
Davie	MED	67	68	102	1.5:1	\$22,174	0.4%
Rockingham	MED	76	60	106	1.8:1	\$21,634	0.4%
Watauga	MIN	74	48	94	2.0:1	\$20,396	0.4%
Cleveland	MED	78	65	128	2.0:1	\$19,622	0.4%
Haywood	MIN	66	34	78	2.3:1	\$18,805	0.4%
Person	MIN	64	30	63	2.1:1	\$18,633	0.4%
Black Mountain	MIN	51	22	58	2.6:1	\$18,557	0.3%
Mecklenburg	MIN	76	60	137	2.3:1	\$17,808	0.4%
Umstead	MIN	106	35	125	3.6:1	\$17,655	0.6%
Martin	MIN	62	32	83	2.6:1	\$16,670	0.4%
Henderson	MIN	52	32	64	2.0:1	\$16,443	0.3%
Gates	MIN	82	33	108	3.3:1	\$15,253	0.5%
Buncombe	MIN	104	36	128	3.6:1	\$15,133	0.6%
Stokes	MIN	82	34	107	3.1:1	\$14,965	0.5%
Total		<u>2,047</u>	<u>1,597</u>	<u>2,811</u>	<u>1.8:1</u>	<u>\$22,198</u>	<u>11.6%</u>

Source: Prison Population and Standard Operating Capacity as of 8/4/92
 DOC report -- "Cost per Inmate, by Unit" as of 12/31/1991
 Inmate-to-Staff Ratio Based on actual inmate count as of 8/5/92

Recommendation 2: The State should build larger prisons to replace the capacity of the its smallest prisons.

This recommendation does not specify an optimal prison capacity because determining that requires a review of the available physical infrastructure, security level requirements, facility design, and program needs. The intensive review is outside the scope of this study. However, prisons need to be built large enough to achieve operational efficiencies that other state prisons achieve, specifically:

- Inmate-to-correctional officer ratios of approximately 5: 1
- Total uniformed staff ratios of 4:1

Building new larger prisons and/or expanding existing prisons to replace the capacity of the existing 30 small prisons will provide the benefit of cost avoidance. It should provide the Department an opportunity to:

- Eliminate the need to repair and renovate existing prison facilities in order to avoid the impending loss of their capacities
- Meet new standards and avoid potential litigation, settlements, and federal court intervention
- Increase the percentage of close custody cells that are required by the increasing percentage of high risk offenders
- Expand the overall prison capacity for all inmate classifications in order to accommodate ever increasing admissions and impact decreasing time served for inmates

Recommendation 3: North Carolina should develop operating guides for staffing its newly constructed prisons.

The construction costs of prisons represents a small percentage of total prison operating costs. Over the 50 year life of an inmate bed that costs \$25,000, the State may expend over one million dollars of general funds on its operations. The majority of these cost are personnel related.

In constructing a new prison or expanding existing prison capacity, the State must pay attention to how the design impacts the costs of operations/support and staffing requirements. Designs should contain an estimate of the inmate-to-staff ratios that will be required by the facility when its is fully operational. This process should be integrated with the budget reforms enacted by the 1991 Session and codified in Chapter 689 Title V. Part 57 Section 340, commonly referred to as Fiscal Notes.

Recommendation 4: Area offices need to be consolidated, approval functions need to be minimized, and control of intra prison management eliminated.

In conjunction with the consolidation of small prisons, the area commands should be reduced and regions redrawn. Exhibit 8 illustrates the current prison organization and highlights the small prisons recommended for consolidation. Approval and excessive review functions performed at the area command should be eliminated. The State prison superintendent should be given authority to make most decisions that effect their facility and be held accountable for the outcomes. Upper management should oversee the superintendent's activities through monitoring of results and not by reviewing and approving the day-to-day transactions.

Central support services should be retained but consolidated under new area boundaries in connection with the elimination of many of the small prisons. The area office provides support services, delivered from a central regional unit. Not every small and medium facility requires full-time staff for specialized functions, like accounting and budget, operating waste water treatment plants, and other highly specialized maintenance functions. These specialized support skills are best performed when is shared between various prisons.

In implementing these recommendations, the culture of the area office needs to be transformed from a "control and process" mind-set to "service provider" with policy oversight. In light of the significant reduction of small prisons recommended, area offices boundaries should be redrawn and procedures developed for sharing expertise and support services staff across area and regions.

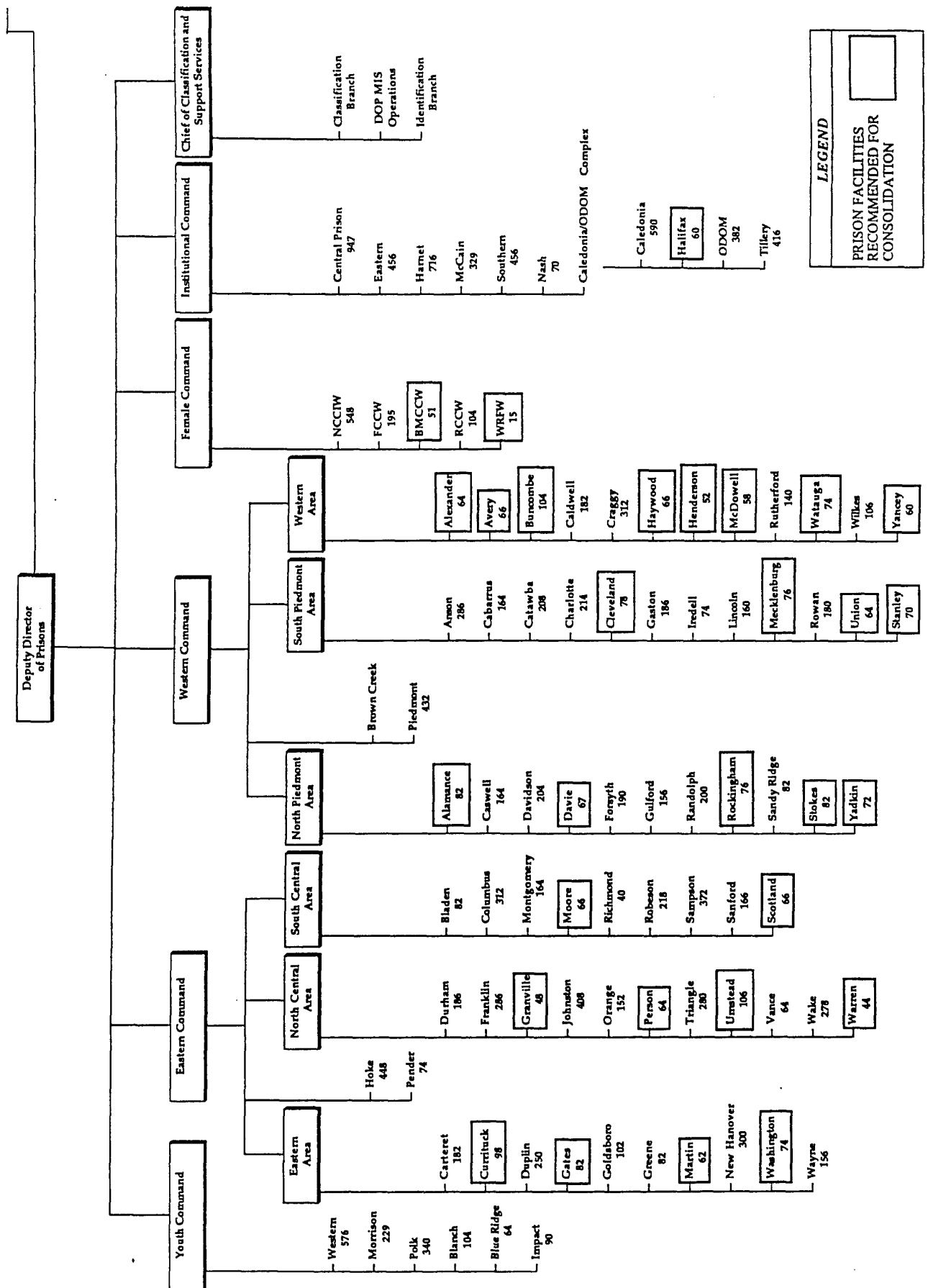
Implications

At a time when the demands of criminal justice system are skyrocketing, prisons continue to be a small, expensive part of a system to protect the public and deter criminal behavior. These recommendations represent strategies that have significant implications for reducing staff and general fund requirements. The implications are outlined below.

However, as importantly, these prison cost reduction strategies can be integrated with other strategies to help meet future needs. Specifically, the consolidation of small prisons:

- Creates an opportunity to invest operational savings to expand the overall prison capacity in order to accommodate ever increasing admissions and impact decreasing time served.

EXHIBIT 8 Prison Facilities Organization Chart



- Eliminates the State's need to repair and renovate inefficient prisons that can never be expanded due to infrastructure constraints.
- Avoids the future costs of litigation, settlements, and potential federal involvement by pro-actively designing prisons that incorporate today's correctional standards
- Provides the opportunity to increase the State's overall percentage of close custody cells.
- Eliminates excessive day-to-day transactions approval by upper management and increase accountability and reaction time of prison superintendents.
- Provide resources to Community Correction institutes, as the small prisons can be turned over to counties as large jails.

Staffing Implications. By consolidating the prison populations of 30 small prisons, staff requirements can be reduced significantly. National estimates infer that at least one-third less staff would be required and DOC estimates only half the staff would be required. Using the average of what DOC's estimate is achievable and what other states have achieved, this equates to a net reduction of 660 uniformed staff.

Given that the majority of consolidations will occur in the Western and Eastern Commands, and in combination with a greater autonomy for the prison superintendents, the need for area office staff would also be reduced. Although central support services, like special maintenance, would continue to be centrally provided, the reduction in the sheer number of prisons can be expected to decrease the need by one-third. Upon full implementation, total area office personnel reductions of 40 percent appears achievable. This equals approximately 132 positions. The combination of these staffing implications are shown on Exhibit 9.

EXHIBIT 9
Estimated Staff Reductions

	1994	1995	1996	1997	1998
Prison Staff Reductions			220	220	220
Area Office Reductions	16	17	33	33	33
Cumulative	16	33	286	539	792

Financial implications. Through the combination of consolidation of small prisons and reduction of area office personnel, North Carolina can achieve an net annual reduction of general fund expenditures of \$23 million per year.

Annual general fund reductions include the following:

- \$19 million from the reduction of 660 uniformed staff at the prisons
- \$4 million from the reduction of 132 area office staff in the Western and Eastern Commands

To realize the estimated \$23 million in annual savings, the State will have to make substantial investments for prison construction to replace 2,000 beds (SOC) of small prisons. Using the actual prison population of 2,800 and a construction cost estimate of \$27,000 per bed (excluding land acquisition and debt service costs), the cost of new more efficient facilities would be 75 million dollars.

This means that costs for construction can be paid for by the resulting savings in less than four years. The cost to replace only the standard operating capacity (2,000 beds) would be \$25 million less.

Other Implications. The new larger prisons will provide staff and inmates with new modern prisons that should improve overall conditions. In addition, the following steps should be considered in trying to maintain any current advantages attributable to the existing small prisons:

- Minimize the relocation of existing workforce by selection of a site for the larger prison that is the general area where the small prisons are located.
- Provide the opportunity for inmates to be close to their families by locating the prisons near major highways and access roads.
- Provide an inmate a small prison environment through unit management.

EXHIBIT 10
Estimated Savings from Staff Reductions
(In Millions)

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Annual Savings	\$.5	\$ 1.0	\$ 8.0	\$ 16.0	\$ 23.0	\$ 23.0	\$ 23.0	\$ 23.0	\$ 23.0
Prison Construction Costs		- \$25.0	- \$25.0	- \$25.0					
Cumulative Savings	\$.5	- \$24.0	- \$40.0	- \$50.0	- \$27.0	- \$4.0	\$ 19.0	\$ 42.0	\$ 65.0